



## Land Use & Natural Resources Committee

Meeting Date: September 5, 2024

Agenda Item No. 2

Green Means Go Grant Submittal – Federal Pathways to Removing Obstacles Housing Program

Action

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**Attachments:** No

**Referring Committee:** Not Applicable

**Issue:**

SACOG has identified the U.S. Department of Housing and Urban Development (HUD) Pathways to Removing Obstacles (PRO) Housing grant program as a promising opportunity to fund Green Means Go implementation and activities.

**Request:**

Approve

**Recommendation for Board:**

That the board authorize staff to submit a grant application to the PRO Housing program and, should SACOG be awarded the grant, authorize the executive director to execute any needed contracts, memoranda of understanding or agreements for the grant award.

**Recommendation for Committee:**

That the Land Use and Natural Resources (LUNR) Committee recommend the SACOG board of directors authorize staff to submit a grant application to the PRO Housing program and, should SACOG be awarded the grant, authorize the executive director to execute any needed contracts, memoranda of understanding or agreements for the grant award.

**Background:**

HUD has released a notice of funding opportunity for the PRO Housing program. The purpose of the program is to fund activities that remove barriers to affordable housing production and preservation. The 2024 PRO Housing program will award \$100 million nationally through a competitive application process.

The PRO Housing objectives are to:

- Elevate and enable promising practices for removing barriers to affordable housing production
- Institutionalize analysis and implementation of effective, equitable, and resilient approaches to affordable housing production
- Facilitate collaboration and harness innovation
- Affirmatively further fair housing
- Provide technical assistance to help communities implement these solutions

## Discussion/Analysis:

We believe Green Means Go will be a compelling and competitive application to the PRO Housing program, given the strong alignment of objectives and criteria.

PRO Housing aims to incentivize housing-forward actions to further develop, evaluate and implement housing policy plans. Proposals must fall between \$1 million and \$7 million. Given the limited dollars available and cap on requested awards, we think this program is well suited for concepts around housing policy implementation as opposed to larger capital infrastructure activities.

To meet the program objectives, we have developed a draft grant proposal focused on **pathways to affordable homeownership** through two key activities:

- **Housing policy implementation**, which would provide resources to all member agencies (i.e., the 28 cities and counties in the SACOG region) to take advantage of recent opportunities around housing policy, and ultimately lead to more jurisdictions receiving the California Department of Housing and Community Development's Prohousing designation, which is a separate program that can result in jurisdictions being more competitive for state-level funding.
- **Green Means Go technical assistance program**, which would expand a pilot infill accelerator program to include new partners such as special districts (i.e., infrastructure providers like sewer and water agencies) and developers (scaling successful efforts seen at the local level in building out infill development capacity).

Below describes each of these proposed activities in greater detail.

### Grant Activity #1: Creating Pathways to More Affordable Homeownership through Housing Policy Implementation

One of the key competitive advantages of the SACOG region has been the existence of more affordable homeownership opportunities than our coastal counterparts. Unfortunately, that advantage has eroded in recent years with the median value of homes in the Sacramento area increasing 30 percent since the pandemic. Only around one-third of households could afford the mortgage for the median-priced home in the Sacramento region in 2022, down from over 50 percent just 10 years ago.

This reality has accelerated a trend towards smaller single-family homes for new construction in greenfield areas, but there is still tremendous demand for middle class households and first-time home buyers for more affordable homeownership opportunities beyond the traditional greenfield model. More townhomes, condos, and small lot subdivisions in existing developed areas are needed to meet increasing demand for more walkable neighborhoods closer to jobs and services.

A PRO Housing grant could provide a good opportunity for SACOG to support our member agencies in implementing two recent laws passed by the California Legislature aimed at addressing housing affordability. [Senate Bill \(SB\) 684](#) creates a new CEQA-exempt, ministerial approval process for small-lot subdivisions of up to 10 units on qualified multifamily zoned infill sites (no discretionary review or hearing), subject to certain criteria. Homes created by SB 684 are inherently small—in fact they cannot be more than 1,750 square feet—and thus more affordable than the typical single-family homes being built today. While SB 684 is now state law, effective implementation at the local level will determine the actual impact. There are several ways that local governments could interpret and actualize the details that dictate whether the bill

catalyzes the construction of small-lot subdivisions in the SACOG region.

AB 1033 is another bill that creates affordable options for homeownership by allowing Accessory Dwelling Units (ADUs) to be sold separately from a primary unit. It is now up to local agencies to amend their codes to allow these entry-level home ownership opportunities.

How these bills are implemented at the local level will affect the availability of smaller, more affordable, infill homeownership opportunities. SACOG is proposing to use the PRO Housing grant to provide resources to local agencies on the implementation of these new opportunities, including funding for individual ordinance drafting and presentations to local decision-making bodies. The result will be a coordinated regional clearinghouse with locally adopted ordinances that implement these two bills across the region. The clearinghouse would link to all participating jurisdictions and advertise what affordable homeownership development opportunities builders have and where.

#### Grant Activity #2: Creating Pathways to More Affordable Homeownership through Green Means Go Technical Assistance

Green Means Go's first pilot phase stood up a technical assistance program for local Green Zones focused on building capacity and removing barriers to infill development. The pilot Green Means Go technical assistance program completed four advisory panels in partnership with the Urban Land Institute. The first two programs centered on strategies to accelerate housing in suburban commercial corridors. The effort brought in a team of national experts in the fields of infill development, market analysis and housing planning and policy to focus on the economic feasibility of development in North Watt Avenue in unincorporated Sacramento County and the City of Folsom's Central Business District. Each of these corridors has a Green Means Go planning award in progress that is helping to implement the technical assistance findings.

The other portion of the technical assistance program assembled a panel of local real-estate developers, planning and design professionals, and market and economic analysts to identify strategies for developing new housing at two specific sites in the Yuba-Sutter region: the former Fremont Hospital and adjoining vacant property in downtown Yuba City and at Washington Square Park in downtown Marysville. Both sites fall within locally adopted Green Zones. Through Green Means Go, SACOG was able to provide follow up resources for an infill housing accelerator in each community.

These technical assistance activities resulted in tangible outcomes and will help expand access to more affordable homeownership opportunities, yet the grant supporting these activities is fully expended. As the second activity in the PRO Housing grant, SACOG is proposing to scale this successful model to not only provide more technical assistance resources, but also incorporate lessons learned from the initial pilot phase. Most notably, the proposed scaled-up technical assistance program aims to expand partnerships with special districts and the development community in addition to member agency staff. Together, the work would build additional capacity in local Green Zones for further pathways to affordable homeownership.

We are still working through the specifics of the revised technical assistance proposal, but envision it consisting of three components:

- Infill housing accelerator (expanding the successful model built through initial round of technical assistance)
- Policy leadership program or targeted special district workshop
- Region-wide developer capacity building (scaling local efforts to the regional level)

Stakeholder feedback on the draft application (discussed below) will help shape the final technical assistance program.

#### Application Timing and Review

Applications to PRO Housing are due October 15, of this year (prior to the October SACOG board meeting), so board action is needed in September if SACOG is to apply. Green Means Go staff will use September to solicit feedback from member agencies, the development/housing community, and broader Green Means Go stakeholders on the two proposed grant activities. Should the board direct staff to pursue the grant application, SACOG would also need to hold a public comment period and public hearing. Staff is currently working on a schedule for these, which we will present at the September LUNR committee meeting. Each of these public engagements would help refine the grant proposal for the LUNR committee's final review in October.

If awarded, the grant funds would come with no local match requirements and need to be spent by 2030. SACOG is targeting a grant proposal of between \$1 and \$2 million, based on the identified activities as well as a review of successful proposals from the prior round of the PRO Housing program.

#### **Fiscal Impact/Grant Information:**

The PRO Housing grant program does not require a local match and would extend the timeframe of Green Means Go activities, which currently are entirely grant funded. The current Overall Work Program includes time for this proposal development through Blueprint implementation activities.

#### **List of Attachments:**

Not applicable